



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Kathleen Clarke  
Executive Director

Lowell P. Braxton  
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

October 5, 1999

*Contract  
replaced 2/11/2000  
original contract  
returned 2/11/2000.*

TO: Lowell Braxton, Director *LPB*

THRU: Mary Ann Wright, Associate Director

THRU: Wayne Hedberg, Permit Supervisor *WH*

FROM: Anthony A. Gallegos, Senior Reclamation Specialist *aa*

RE: Request for Approval of Form and Amount of Surety, Summo USA Corp.(Summo),  
Lisbon Valley Project, M/037/088 (UTU-72499, ML-20569), San Juan County, Utah

On August 16, 1999, the Division received an amendment from Summo proposing exploration work within the approved permit boundary for the Lisbon Valley Project large mine operation. The Division currently holds a \$69,900 joint surety bond for the current site disturbances created as part of the Lisbon Valley Project. The amendment exploration work will disturb, or redisturb reclaimed areas on BLM and State managed lands. The Division has reviewed the proposal, and coordinated the review with the BLM and SITLA. All three agencies are in agreement with requiring an increase in the reclamation surety of \$7,166 for this exploration work. On September 22, 1999, Summo provided the Division with a Reclamation Contract and a rider to the existing surety bond issued by United States Fidelity and Guaranty increasing the amount to a new total of \$77,066. Tom Mitchell, Assistant Attorney General, and the BLM Moab Field Office have reviewed the new surety documents and recommended acceptance.

The Minerals staff recommends Division acceptance of the new surety amount of \$77,066. If you are in agreement with acceptance of this amount and revised documents, please sign the enclosed original Reclamation Contract and surety bond forms. We will then send photocopies of the signed documents to the operator with the approval letter allowing them to commence work on this proposed exploration project. If you are not in agreement with acceptance of the revised surety and documents, please inform us of your preferred course of action.

Thank you for your consideration of this request.

jb

Enclosures: MR-RC, Surety Bond rider  
M37-88.req

FORM MR-RC  
Revised January 7, 1999  
RECLAMATION CONTRACT

File Number M/037/088

Effective Date Oct. 6, 1999

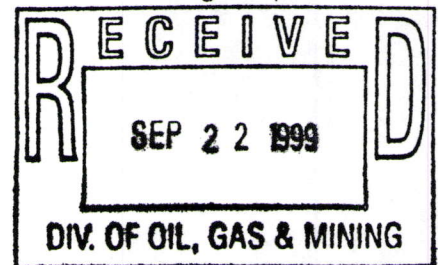
Other Agency File Number BLM - UTU-72499  
SITLA - ML 20569

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
1594 West North Temple Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801  
(801) 538-5291  
Fax: (801) 359-3940

*Contract replaced  
via contract effective  
2/11/2000. This  
contract returned  
to Summo. JB*

RECLAMATION CONTRACT

---ooOoo---



For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/037/088  
(Mineral Mined) Copper

"MINE LOCATION":  
(Name of Mine) Lisbon Valley Copper Project  
(Description) 18 miles south of La Sal, Utah,  
San Juan County

"DISTURBED AREA":  
(Disturbed Acres) 3.59 acres (increase of 1.02 acres)  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) Summo USA Corporation &  
Lisbon Valley Mining Co. LLC  
(Address) by Summo USA Corporation - Manager  
Denver Center Building, Suite 900  
1776 Lincoln Street  
Denver, CO 80203  
(Phone) 303-861-5400



(Name) CT Corporation  
(Address) 50 West Broadway  
8<sup>th</sup> Floor  
Salt Lake City, Utah 84104  
(Phone) 801-531-7090

"OPERATOR'S OFFICER(S)":  
Greg Hahn - President  
Robert Prescott - Vice President  
James Frank - V.P. Finance & CFO

"SURETY":  
(Form of Surety - Attachment B) Surety Bond - w/rider

"SURETY COMPANY":  
(Name, Policy or Acct. No.) United States Fidelity and Guaranty Co

"SURETY AMOUNT":  
(Escalated Dollars) \$77,066 (Increase of \$7,166)

"ESCALATION YEAR":  
2004

"STATE":  
State of Utah  
"DIVISION":  
Division of Oil, Gas and Mining  
"BOARD":  
Board of Oil, Gas and Mining

ATTACHMENTS:  
A "DISTURBED AREA":  
B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining Co. LLC & Summo USA Corporation the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 8, 1995, and the original Reclamation Plan dated August 8, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face



amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Lisbon Valley Mining Co. LLC  
by Summo USA Corporation - Manager  
Operator Name

By Robert A. Prescott  
Authorized Officer (Typed or Printed)

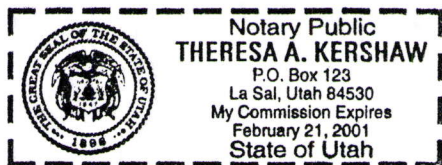
Vice President  
Authorized Officer - Position

[Signature]  
Officer's Signature

September 21, 1999  
Date

STATE OF Utah )  
COUNTY OF San Juan ) ss:

On the 21<sup>st</sup> day of September, 19 99, personally  
appeared before me Robert A. Prescott who being by  
me duly sworn did say that he, the said Robert A. Prescott  
is the Vice President of Summo USA Corporation  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
Robert A. Prescott duly acknowledged to me that said  
company executed the same.



Theresa A. Kershaw  
Notary Public  
Residing at: PO Box 123, La Sal UT 84530

February 21, 2001  
My Commission Expires:



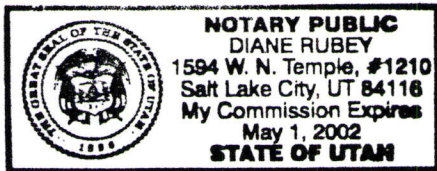
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton  
Lowell P. Braxton, Director

10/6/99  
Date

STATE OF UTAH )  
COUNTY OF SALT LAKE ) ss:

On the 6th day of October, 19 99,  
personally appeared before me Lowell P. Braxton, who being  
duly sworn did say that he/~~she~~, the said Lowell P. Braxton  
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,  
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing  
document by authority of law on behalf of the State of Utah.



Diane Rubey  
Notary Public  
Residing at: Salt Lake City, Utah

My Commission Expires: 5/1/2002

**ATTACHMENT "A"**

Lisbon Valley Mining Co. LLC  
by: Summo USA Corporation: Manager  
**Operator**

Lisbon Valley Copper Project  
**Mine Name**

M/037/088  
**Permit Number**

San Juan County, Utah

**The legal description of lands to be disturbed is:**

Approximately 2.57 acres from exploration drilling and monitoring wells located within:

Township 30 South, Range 25 East  
SE1/4 and SW1/4 Section 25  
NE1/4 Section 26  
NE1/4 Section 35  
NW1/4 Section 36

Township 31 South, Range 26 East  
NE1/4 Section 5

Township 31 South, Range 25 East  
NE1/4 Section 1

As described in the 1/19/99 "Well Locations" map.

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As amended to include approximately 1.02 acres from exploration drilling within:

Township 30 South, Range 25 East  
NW1/4 NW1/4 Section 36  
NE1/4 NE1/4 Section 35

As described in the August 12, 1999 "Attachment 1" map.